

Could Medicare move to value-based insurance design?

ISSUE: At last month's meeting, the Commission discussed limitations in fee-for-service Medicare's benefit design and looked at estimates of the effects of illustrative changes. This month, the Commission will take a look at the concept of value-based insurance design (VBID)—an approach in which copayment rates are set based on an assessment of the benefits and costs of a clinical service or therapy. A limited number of employers have begun using this approach to design benefits for their workers.

KEY POINTS: We will hear from three experts who will discuss the theory behind VBID, how one employer has put the concept into practice, barriers to VBID, and opinions about whether it can reduce growth in health spending. The speakers include:

- A. Mark Fendrick, M.D., Co-Director of the University of Michigan's Center for Value-Based Insurance Design. He is also a Professor in the University of Michigan's Departments of Internal Medicine and Health Management and Policy.
- Jill A. Berger, Vice President, Health and Welfare Plan Management and Design for Marriott International, Inc.
- Michael Chernew, Ph.D., Professor in the Department of Health Care Policy at Harvard Medical School.

ACTION: Panelists will provide their perspectives and answer questions. Commissioners may want to explore the implications of the presentations for Medicare. The discussion will guide staff work on Medicare's benefit design for the Commission's June 2008 Report to the Congress.

STAFF CONTACT: Rachel Schmidt (202-220-3721)